



**COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER**

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July 16, 2013

TO: Supervisor Mark Ridley-Thomas, Chairman
Supervisor Gloria Molina
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

FROM: Wendy L. Watanabe
Auditor-Controller

Cynthia D. Banks, Director
Community and Senior Services

SUBJECT: **DEPARTMENT OF COMMUNITY AND SENIOR SERVICES –
WORKFORCE INVESTMENT ACT FUNDING (Board Motion No. 5-F,
June 24, 2013)**

On June 24, 2013, during the Fiscal Year (FY) 2013-14 Budget Deliberations, your Board identified a budget adjustment request submitted by the Department of Community and Senior Services (CSS) to reallocate \$768,000 of its Workforce Investment Act (WIA) funds within CSS' internal budget units. Your Board instructed the A-C and the Director of CSS to report back in 30 days of the following: (1). Whether the \$768,000 is additional funding that will be allocated to the Auditor-Controller (A-C) for WIA Program audit enhancement in FY 2013-14; and (2). If the funding is additional to the current level, how this additional fund will be used to improve fiscal and program monitoring of WIA agencies.

Budget Adjustment in CSS' Budget

CSS contracts with the A-C to conduct program and fiscal monitoring of all WIA agencies. In FY 2013-14, there are no additional funds included in the Budget Adjustment for the A-C to provide additional fiscal or program audits of WIA agencies. The reallocation of \$768,000 is a technical entry within CSS' budget to transfer appropriation from the Assistance budget to the Administration budget. This entry is needed to accurately align funding levels with expenditures.

A-C's Current Audit Review

There are currently 27 WIA contracts at 24 agencies and the A-C performs annual monitoring reviews of all WIA contract agencies. The purpose of the A-C's annual on-site reviews is to determine whether each WIA contractor provided the services in compliance with their County contract and WIA requirements. Once the review is complete, the A-C discusses the results with CSS and the agency, and a final report with recommendations, and the agency's corrective action plan is issued to the contractor.

Once all reports have been issued, the A-C prepares a summary report to your Board, summarizing all 27 reviews and findings. The A-C also consults with CSS staff to obtain their perspectives on improving the contract monitoring efforts, training needs, monitoring instruments and overall contract monitoring plans.

The State Employment Development Department (EDD) requires CSS to annually monitor all WIA contracts. CSS has complied with this requirement since FY 2004-05 by contracting with the A-C to perform the monitoring. In the past three fiscal years, the A-C has identified approximately \$2 million in questioned costs and issued 79 individual reports. Both CSS and the EDD review and approve the A-C's monitoring agreement, which includes a detailed audit program to ensure that the reviews include all requirements and compliance.

On July 11, 2013, the A-C and CSS met with three members of the Workforce Investment Board (WIB) Leadership (Messrs. Jerry Gaines, Richard Dell, and John Adelman) and provided an overview of the WIA Program's monitoring process. It was a positive meeting with a good exchange of information. Based on the discussion, the members requested that a similar presentation to be made to entire WIB. This will be done at the WIB's next quarterly meeting in September 2013. Also, given the WIB's oversight role of the local WIA system, it was agreed that all future monitoring and resolution reports will be shared with the WIB ongoing.

In conclusion, while the Budget Adjustment did not represent an increase in funding for the A-C's monitoring of the WIA Program, the A-C, CSS, and WIB continuously work together to improve the fiscal accountability and enhance the quality of the WIA Program's monitoring.

If there are any questions, please let us know, or your staff may contact Elaine Boyd at (213) 253-0303.

WW:CB:AB:EB

c: William T Fujioka, Chief Executive Officer
Sachi A. Hamai, Executive Officer, Board of Supervisors
Jerry Gaines, WIB Chair
Public Information Office
Audit Committee